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MONTANA

BUSINESS QUARTERLY



Rural Roller Coaster

Economic gains are uneven
in farm country

Inside:

Great Plains Symposium

- Migration Patterns
- Rural Policy
- Shrinking Counties

Montana Business Quarterly

The Bureau of Business and Economic Research is the research and public service branch of The University of Montana's School of Business Administration.

The Bureau is involved in a wide variety of activities, including economic analysis and forecasting; health care, forest products, and manufacturing industry research; and survey research. The latest information about these topics is published regularly in the Bureau's award-winning magazine, the *Montana Business Quarterly*, which is partially supported by Wells Fargo.

The Bureau's Economics Montana forecasting system provides public and private decision makers with reliable forecasts and analysis. These state and local area forecasts are the focus of the annual series of Economic Outlook Seminars, cosponsored by First Interstate Bank, the Bureau, and respective Chambers of Commerce in Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, and Missoula.

The Montana Poll, a quarterly public opinion poll, questions Montanans about their views on a variety of economic and social issues. The Bureau also conducts contract survey research and offers a random-digit dialing program for survey organizations in need of random telephone samples.

The Health Care Industry Research Program examines markets, trends, industry structure, costs, and other high visibility topics in this important Montana industry.

Research on the forest products industry has long been an important part of Bureau operations. While emphasis is placed on Montana's industry, the cooperative research with the U.S. Forest Service involves most of the Western states. A recently-formed research consortium including the Bureau, the Forest Products Department at the University of Idaho, and the Wood Materials and Engineering Laboratory at Washington State University addresses forest operations and utilization problems unique to the Inland Northwest.

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Bureau personnel continually respond to numerous requests for local, state, and national economic data. Don't hesitate to call on Bureau staff members if they can be of service to you.

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CONTENTS



- 2** **Rural Roller Coaster**
Economic Gains are Uneven
in Farm Country
by Mark Drabenstott

- 9** **How You Gonna Keep 'Em
Down on the Farm?**
by Jim Sylvester and Christiane von Reichert

- 12** **Looking Down from
Bellyache Butte**
by Laurie Page

- 14** **Building a National Rural Policy**
One Town at a Time
by Charles Fluharty

- 18** **Four Funerals and a Wedding**
by U.S. Sen. Byron Dorgan

- 21** **Montana Business Quarterly Index
1997-2001**



Rural Roller Coaster

Economic Gains are Uneven in Farm Country

by Mark Drabenstott

Editor's note: The articles in this issue of the Montana Business Quarterly are adapted from speeches given at a Symposium on National Policy for Addressing Population Loss in the Great Plains held last fall in Bismarck, North Dakota.

Were he to visit rural America at the start of the 21st century, Charles Dickens could indeed proclaim that these are “the best of times and the worst of times.” The transcending challenge in rural America today is our highly uneven economy—“the best” one day, “the worst” the next.

Some rural places are doing extraordinarily well; they number roughly four out of 10. What that means, though, is that six of 10 rural places in the United States—and probably

even more in the Great Plains—are looking for a new economic engine.

But what is it? Where is it? And how do we find it? The map in Figure 1 sums up the problem. Eighty percent of Americans live in metropolitan areas. Now look at the red patches: the rural counties that had above average economic growth in the 1990s; and now the white splotches: the rural counties that had below average growth.

It is striking where the red constellations are; the largest, of course, is the Intermountain West. It's a place where people are going in droves because they can no longer find the lifestyle they want in California. They love the mountains, they love the freedom, they like a lifestyle that provides all the amenities they're looking for.

Those same scenic amenities are found elsewhere on this map as well. Take a look at upper Minnesota; Lake Wobegon is doing quite well. The women are still strong, the men are still good-looking, and all the children are indeed above-average. And those lakes matter. All those folks in the Twin Cities need a place to go on the weekend. Where do they go? To those lakes, including those in upper Michigan. You can see the Ozarks standing out as well. Country music is an awfully good economic engine. Too bad we didn't discover it sooner.

Then we come to the white on the map. Notice all that white in the Great Plains. When you look at the heart of America, you tend to find one of three things. You find rural counties next to cities doing quite well. You find rural counties that are emerging as retail and financial hubs doing very well. And you find counties that have a transportation advantage doing very well. Thus the thin red line you see running across Nebraska.

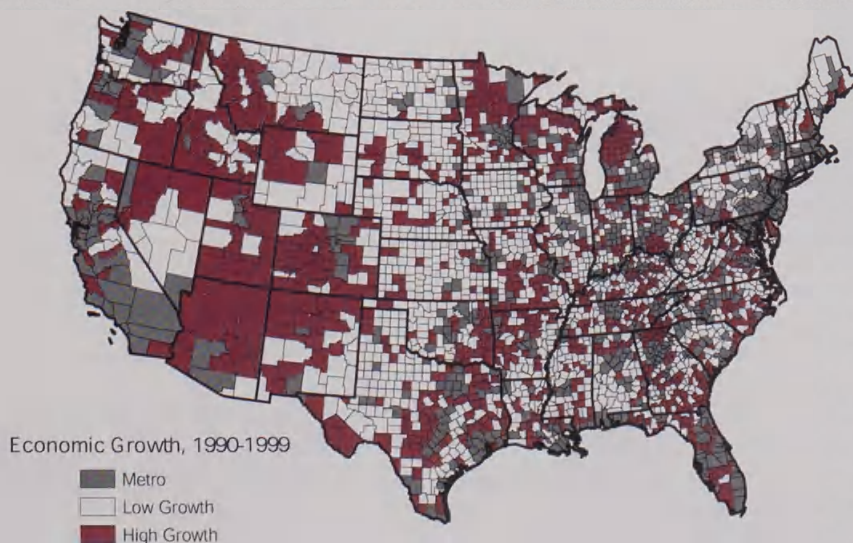
The second and companion trend is the decline or very slow increase in population across much of rural America. While the numbers are important, the way they get expressed often puts a strain on leadership capacity. My

organization [the Center for the Study of Rural America] held a series of roundtables with 120 rural stakeholder groups last year and we heard over and over again there are too few heads to wear all the hats that have to be worn. The population decline exacerbates this trend; it also puts an enormous strain on the public service delivery system, much of which was created in the 19th century for a 19th century settlement pattern and a 19th century economy.

So what are we going to do? Well, here is what's been happening in terms of population. There is a very high degree of correlation between the map in Figure 2 and the previous one. In this case, the red counties are rural areas that showed

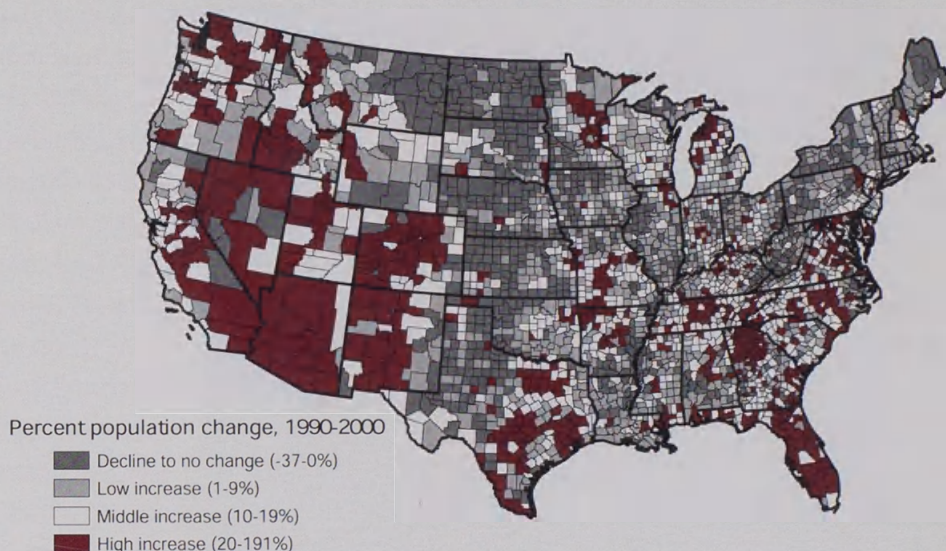
When you look at the heart of America, you tend to find one of three things. You find rural counties next to cities doing quite well. You find rural counties that are emerging as retail and financial hubs doing very well. And you find counties that have a transportation advantage doing very well.

Figure 1
Economic Growth Patterns, 1990-1999



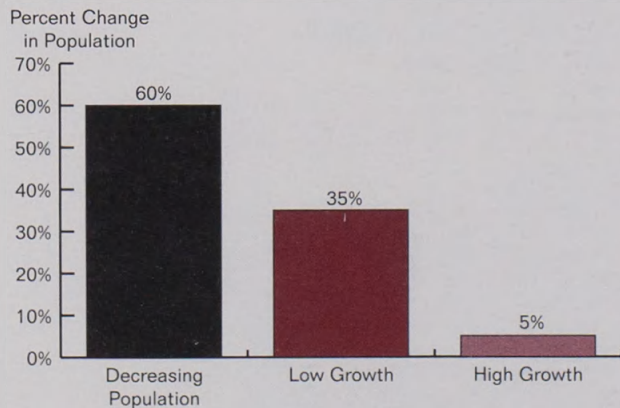
Sources: Bureau of Economic Analysis, U.S. Department of Commerce; Center for the Study of Rural America, Kansas City Federal Reserve Bank.

Figure 2
Population Change in the United States, 1990-2000



Sources: Bureau of Economic Analysis, U.S. Department of Commerce; Center for the Study of Rural America, Kansas City Federal Reserve Bank.

Figure 3
Population Change in the Great Plains, 1990-2000



Source: U.S. Census Bureau.

rapid gains in population during the past 10 years. Where are they? Not surprisingly, where there are lots of scenic amenities. The counties that had moderate increases are shown in white, and the dark gray areas are those counties that declined in population. A lot of dark gray spreads throughout the Great Plains, throughout the heartland. I would point out, however, it's not just the heartland. Western Illinois suffers from population declines as well. The same is true wherever rural economies are still tied to commodity agriculture.

Rural Challenges

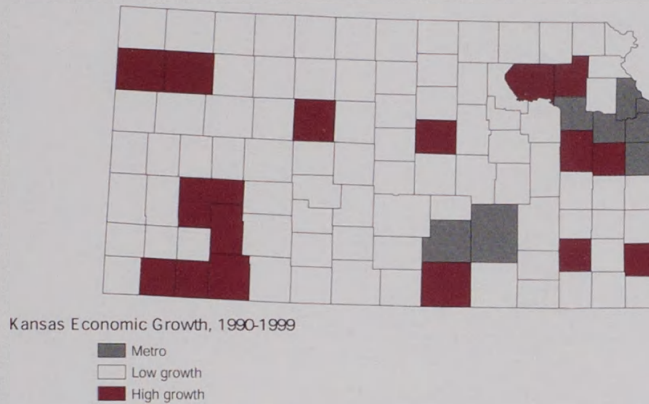
In farm country, there is a twin challenge. Half of the rural counties that count agriculture as their leading source of income—called farm-dependent counties—lost population in the 1990s, and three-quarters had below-average economic growth.

Here in the Great Plains, most of the counties had decreases in population during the past decade. And it's not a new trend. Six of 10 counties had population decreases, 35 percent had very modest gains, and only 5 percent of all rural counties in the Great Plains had rapid growth. That 5 percent probably included places like Rapid City, S.D., that have scenic amenities. Even more striking for the Great Plains region is the fact that three-fourths of rural counties had average or below average growth in employment.

A third challenge is a persistent commodity focus in much of rural America. The fact of the matter in the 21st century is that far more farmers throughout the nation depend on Main Street than vice-versa. They get most of their income off the farm, and it tends to support their farming occupation. Moreover, as shown in Figures 1 and 2, growth tends to concentrate in fewer and fewer places over time as technology leads us to ever-larger farms.

Kansas provides one such example in Figure 3. The red counties had high rates of economic growth in the 1990s, the white counties showed low rates of growth, and the dark gray counties encompass metropolitan areas (Kansas City and Wichita). Apart from the beef industry in southwest Kansas and a few scattered growth centers, economic growth has been pretty disappointing.

Figure 3
Kansas Growth Patterns, 1990-1999



Sources: Bureau of Economic Analysis, U.S. Department of Commerce; Center for the Study of Rural America, Kansas City Federal Reserve Bank.

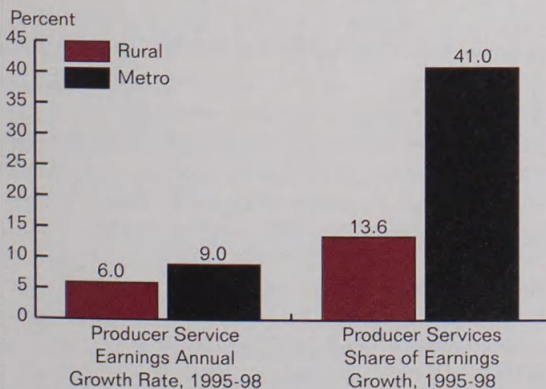
A fourth challenge in rural America is the shortage of entrepreneurs. It's hard to quantify this because little has been invested in building a baseline of information. All of the anecdotal information gathered would support this claim: Rural places tend to have fewer economic opportunities emerging, and the fact that almost all rural entrepreneurs are small means that many of them seem to be swimming against the tide of the New Economy.

The fifth challenge: a general lack of e-business. Figure 4 illustrates the problem. On the far left side is the share of total growth in earnings per worker that came from "producer services," one of the fastest growing parts of the economy in the 1990s. In rural areas, earnings grew only 6 percent; in

metro areas, they grew 50 percent faster, or 9 percent. Moreover, in metro areas, "producer services" accounted for just under half of all growth in total earnings per worker in the early 1990s; in rural areas, it accounted for between 10 percent and 15 percent. Rural America is missing out on this slice of the economy. As Figure 5 illustrates, the odds of finding broadband service in rural America are low. In towns under 2,500, the odds are less than 1 percent.

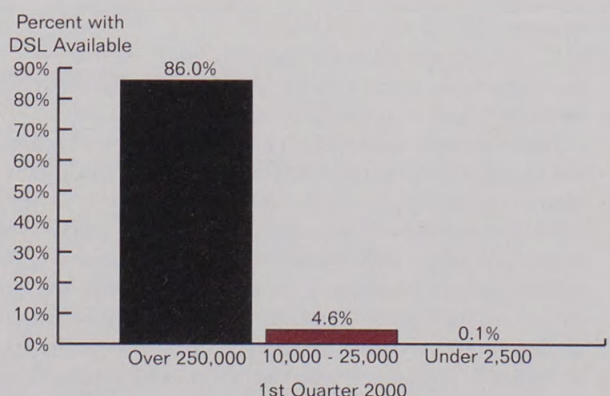
The sixth challenge is less of an issue in the Great Plains, but applies to many other rural areas. How do we manage growth in scenic areas? Can rural areas succeed without becoming "formerly rural?" In many Intermountain West communities, infrastructure is severely strained. Some places

Figure 4
Producer Services:
Rural vs. Metro

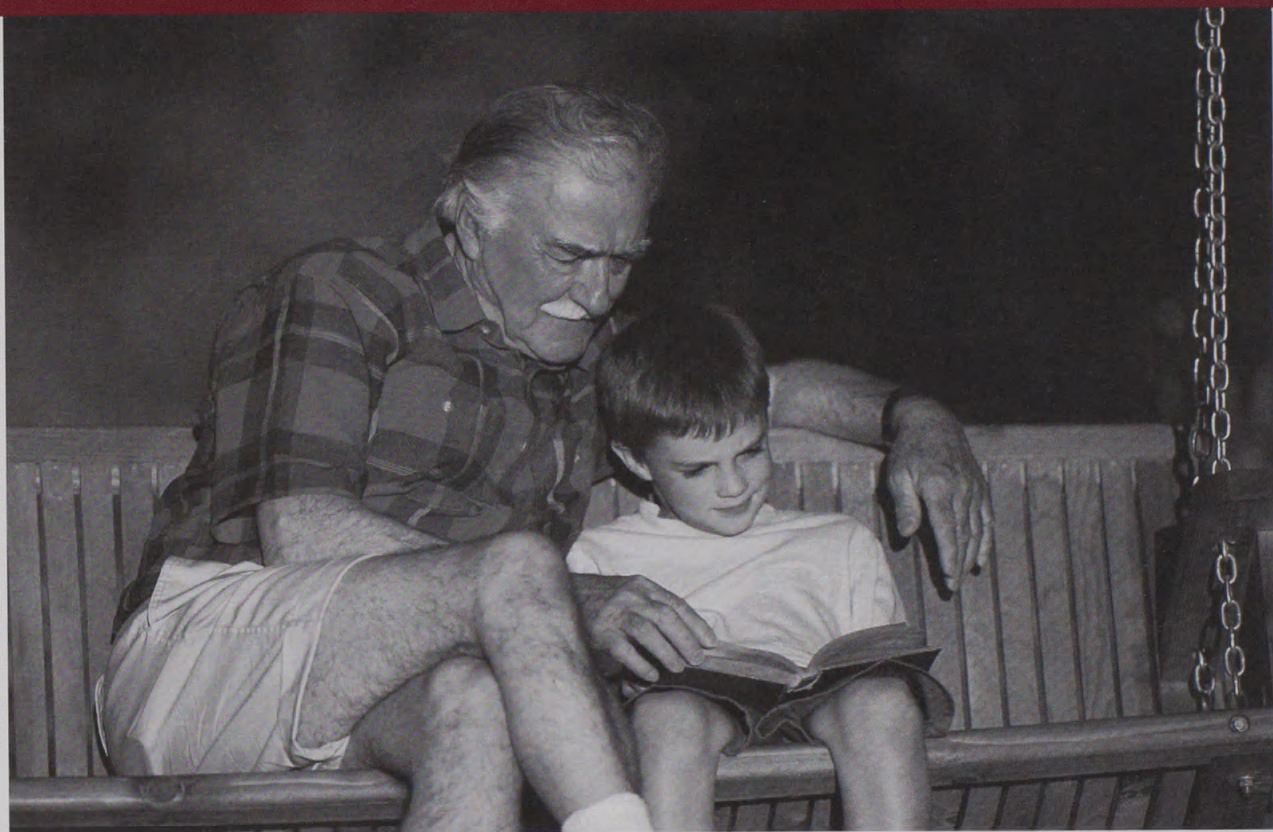


Source: Center for the Study of Rural America, Kansas City Federal Reserve Bank.

Figure 5
Availability of Broadband,
by Community Size



Source: Center for the Study of Rural America, Kansas City Federal Reserve Bank.



are actually thinking about managing growth to deal with this situation, thereby cutting off new opportunities. How do we handle that in rural America?

Rural Policy

Is commodity policy—essentially what the agricultural policy has been since it was founded in the 1930s—suited to a future with two agricultures? Increasingly, we see a future with two agricultures: one based on commodities and one based on a wide range of products from organically-grown food to pharmaceuticals. Is a one-sector policy suited to all of the challenges rural America faces?

It is important to distinguish between agricultural policy and rural policy. Over the last six decades, rural policy has been agricultural policy. Can it continue to be so? Agricultural policy can rest on its own merits. It can focus on providing a safe and abundant food supply, conserving natural resources, and providing financial assistance to farmers. Agricultural policy really can no longer double as rural policy. Why? There are too few rural places that fully depend on agriculture. Rural America's regions are highly diverse and most need new sources of competitive advantage, new economic engines.

*What North Stars are
going to guide us?
What goals can we set
for rural policy? Let
me suggest to you
that that question really
hasn't been answered.*

Second, a new framework for rural policy should be created. Three things are key: a focus on place, a focus on collaboration, and a focus on regional competitiveness. In the past, agricultural policy has focused on one sector of the rural economy—agriculture—and on the individual firm, namely the farm. The agricultural policy has been a national one-size-fits-all approach. In the future, instead of focusing on one sector, we must instead focus on places. And instead of focusing on one firm, we must focus on collaboration and clusters and networks.

Instead of thinking that one size fits all, we must think about a regional approach. Think about what each region does best. There are lots of opportunities for thinking about regional competitive advantage. Here's a good example: In upper New York state, the economy has been very dependent on the dairy industry. America produces far more milk and cheese than it consumes. New York passed a law that provided dairy farmers with incentives to convert to wineries called "Dairies to Wineries." The Finger Lakes area of New York now has more than 150 wineries. They have what they call a "wine trail." There are bed-and-breakfasts, and most important of all, buses traveling to the Finger Lakes from Philadelphia, New York City, Baltimore, and points beyond. A regional competitive advantage has been created in growing wine instead of producing milk.

As mentioned earlier, neutraceuticals are another. The first field of pharmaceutical corn will be harvested in Iowa this year. It is estimated that each neutraceuticals plant in Iowa would be worth about \$80 million. That's a pretty phenomenal new economic engine, but it's also a product that is going to be grown very differently than No. 2 yellow corn. Advanced manufacturing might be a pretty interesting kind of regional approach.

Last but not least, in places with mountains and lakes, you might have the best of Lake Wobegon. You might have the tourists and the weekenders, and you might also have the e-business, producer service type companies taking root.

Regardless of what the competitive advantage is, a regional approach must be developed that marshals and builds synergies within firms. Because most rural firms are small, and if you're a small firm in a small town, you're stepping up to the plate 0-2. And if you want to overcome that, you need a regional approach, one that creates clusters and networks of firms that can build on one another's strength and success.

What North Stars are going to guide us? What goals can we set for rural policy? The question really hasn't been answered. We might know the goals for agricultural policy; we list them in the preamble to every farm bill. But I'm not sure if we've ever really asked about rural policy goals. I'm going to suggest that there might be four, perhaps even more:

- **Protecting and restoring the rural landscape.** What's the countryside worth to us as a nation?
- **Preventing urban overcrowding.** We pay a price for congestion in urban areas. Do you know what the biggest public works project was in the 1990s? The Big Dig. Burying Boston's freeways was the biggest public works project in the United States. Do we, as a nation, want to bury Boston's freeways, or do we want to invest in town squares?
- **Preserving a community culture and values.** This is the Norman Rockwell goal. Community is in serious jeopardy in parts of rural America.
- **Producing well-educated future citizens.** I like to think I am well-educated and I came from rural America. I suspect there are a whole lot of folks like me.

Building Blocks for Rural America

What principles and goals might guide a policy framework for rural America? What are some of the core building blocks? Spurring new entrepreneurs, tapping new technology, encouraging regional governance, promoting product agriculture, and lifting the rural quality of life might be a good place to start.

Entrepreneurs are going to make or break rural America. Chasing smokestacks is not a good economic development strategy. You're far better off growing your own. But how do we do that? How do we promote entrepreneurs? How do we put more yeast in the rural economy? Technical assistance is important. Equity capital is the single biggest missing piece in

most rural business plans. Streamlining public programs from A to Z is also important. It's more difficult for rural entrepreneurs to tap into existing programs. Do we need to start talking about a new rural business service, for example?

Tapping new technology. Many people talk about broadband access. If you have access to broadband, the question becomes, how are you going to use it? What kinds of businesses are going to take advantage of that? What kinds of workers can make those business plans successful? How do we think about raising the bar in the rural work force so that workers, as well as businesses, move up the technology ladder?

Encouraging regional governance. This is going to be a very big issue, but it's not one that people necessarily want to talk about. We might think about a regional approach to governance, a new technology approach to delivering public services that would free up resources in counties and communities. Perhaps then more time and energy could be spent creating new economic opportunities.

Promoting product agriculture. There has been a commodity approach to agriculture for the last seven decades or more. If we continue to focus on commodities alone, how many Great Plains communities will survive? I don't know the answer, but I think we would all agree: fewer than we have now. There are some incredible product agriculture opportunities on the horizon. Neutraceuticals are one. Farmer-to-grocer alliances are another. Any farmer within 100 miles of a Fargo, a Minneapolis, or a Rapid City has an opportunity. However, product agriculture will not happen on an individual farm-by-farm basis. It will only happen if farms come together either in a cooperative or joint venture, giving up some of their independence.

I recently participated in a national task force for a major commodity association. The producers in that room said the following: For the vast majority of people who produce our commodity, there are four choices. They can become wards of the state, they can get bigger real quick, they can give up their independence and join a product alliance, or they can find something else to do. That really puts a whole new purpose on how we enable and empower producers to take advantage of these opportunities. Is this going to be a thrust of public policy? And if so, how?

Quality of Life

Last, but certainly not least, we must lift the rural quality of life. I grew up in the little town of Markel, Indiana, on the banks of the Wabash River. To this day, if you drive into Markel from the north, south, east, or west, you will see a sign that says: "Welcome to Markel, home of 902 happy people and four old grouches." The grouches have not died. I grew up going to the local grain elevator with my father. I grew up stopping by the local chatterbox café before we left town. We must admit that if we go back to that population map, not only are people leaving, but the young people are leaving—our best and brightest. We are losing the people who represent the future. And the question is: Can we provide economic opportunity

that will encourage them to stay? And can we provide a bundle of amenities and a lifestyle that will intrigue them?

I believe that if we focus only on economic opportunities without thinking about quality of life, we will not get where we want to go. Health care is certainly a part of it. Entertainment and cultural activities are also a part of it. How do we take advantage of 21st century technology to provide better opportunities in the heart of the Great Plains? How do we improve transportation? I recently got involved in a project that NASA is undertaking that would bring the Jetsons right here to the Great Plains. Think about small, smart airplanes that connect with small, smart airports and relieve the congestion of our nation's commercial transportation industry. It's a fascinating idea. Maybe it's a little far out on the horizon, but those are the kinds of opportunities we need if we are serious about rural policy.

Rural America adds value to the nation. We celebrate Norman Rockwell. We all tune in on Saturday night to hear the latest from Lake Wobegon. But while we celebrate rural

America in those ways, we have not really thought seriously about our nation's rural policy. There's a whole new century of challenges facing rural America. We briefly discussed six of those. An uneven rural economy is certainly at the top of that list. It is the best of times, it is the worst of times. Rural places and the Great Plains are asking a very simple question: What is our next economic engine? Surely, if rural America has value for the nation, it will be supported and sustained by our public policy. As a nation, as states, as counties, as communities. We think it is time to take a fresh look at those policies, and we think there are some exciting opportunities for the future. But we have to seize them. □

Mark Drabenstott is director of the Center for the Study of Rural America. The center serves as the Federal Reserve's focal point for research on rural and agricultural issues. He joined the Kansas City Federal Reserve Bank in 1981 and was named a vice president in 1990.





PHOTO BY KURT WILSON

How You Gonna Keep 'Em Down on the Farm?

by Jim Sylvester and Christiane von Reichert

Pssst. Did you hear why all the young people are moving away? They don't like the small-town gossip. Or the narrow-mindedness. Or the isolation from the rest of the world.

It's what social scientists call an "adverse social climate," and according to a survey conducted by The University of Montana's Bureau of Business and Economic Research, it's what nearly 20 percent of Great Plains residents like least about their community.

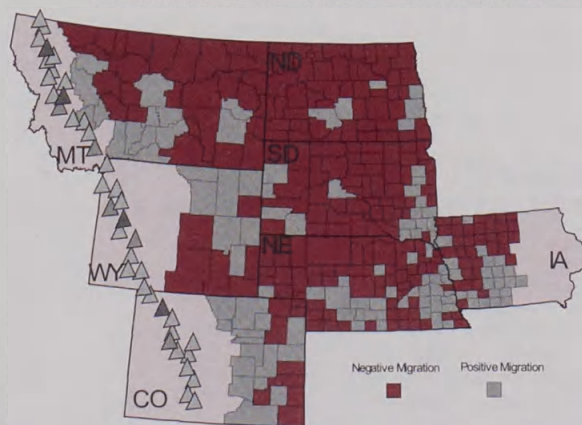
And no region of the country has suffered such drastic declines in population over the past two decades as has the northern Great Plains.

In the summer of 2001, the BBER conducted 2,896 interviews in eastern counties of Montana, Wyoming, and Colorado, and in North and South Dakota and western Iowa. The intent: To understand why people live in the northern Great Plains and why they stay or move away. The hope: That findings could be used to develop strategies which, if implemented, would reverse the negative trend.

Because young people are the most likely to move away, the interviews were timed to catch college students at home for summer vacation. To help with comparisons among the states, at least 400 interviews were conducted in each state.

Figure 1 shows the northern Plains counties that were

Figure 1
Negative and Positive Migration in the Great Plains



sampled. The red counties reported population declines in the past 20 years. The few gray-colored counties experienced net in-migration; they are generally metropolitan counties or counties adjacent to metro areas.

Figure 2
Migration Experience by Age

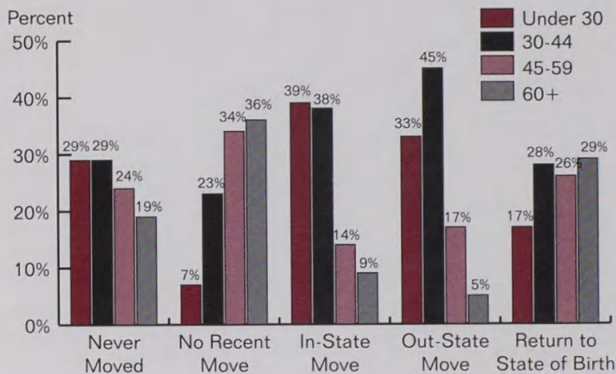
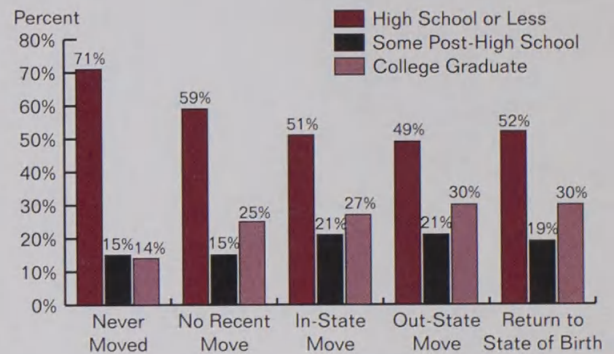


Figure 3
Migration Experience by Education Levels



Migration Patterns

Three out of four people on the northern Plains have some kind of "migration" experience. They've moved in-state or out-of-state, and sometimes back again. One in three have moved in the past, but not within the past 10 years. That's relevant because people who stay put for one decade are more likely to stay for another.

Twenty percent of the northern Plains residents interviewed last summer have moved within the same state, and 13 percent moved from a different state. Ten percent moved back to their home state.

What are the factors that make one person more likely to move than another?

As every parent knows, age is a significant influence— young people are oftentimes eager to fly away. The BBER's survey research provided the numbers.

As shown in Figure 2, if you can keep a young person in-state until they're 30, you may well have them for life. The

proportion of those who had never moved declined with age; but the inverse was true for those who had not moved recently. In-state moves were dominated by people under age 45. And 45 percent of those moving from out-of-state were 30-44 years of age; 38 percent were under 30.

The influence of education is shown in Figure 3. More than 70 percent of those who had never moved and 60 percent of those with no recent move had a high school education or less. With more schooling, the likelihood of a major move increased. In-state movers showed increasing educational attainment; out-of-state and return movers were dominated by an even higher-educated group. Higher education equals higher mobility.

Pushes and Pulls

Some of the responses were surprising.

"What do you like least about your community?" the BBER asked. About 22 percent liked everything. But nearly 20 percent mentioned gossip, narrow-mindedness, and lack of contact as their town's most irritating attribute.

Just as bad were the lack of services, especially the lack of shopping and entertainment. And about 15 percent of those interviewed mentioned the wind, cold, heat and bugs—"adverse natural conditions," to social scientists.

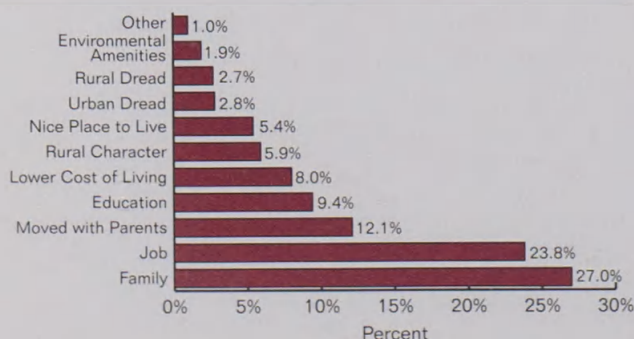
Almost 7 percent complained about the lack of economic opportunity.

Significant, though, was the fact that nearly 80 percent of those interviewed expressed "dislikes"—and half of those were unhappy with either the social climate or the social services.

That's important information in a region struggling to explain—and stop—a wave of out-migration. Table 1 shows the push and pull responses—the reasons why people stay or leave the northern Plains.

Some things we knew instinctively, but had confirmed by

Figure 4
Reasons for Moving to Current Community



the survey. Family was the No. 1 reason people moved to northern Plains communities, and was mentioned by more than one-fourth of those interviewed. Another quarter moved there for jobs. About 15 percent moved to the Plains with their parents, and just under 10 percent came for an education. Eight percent were attracted by the lower cost of living.

Figure 4 shows the “pulls,” which also included small but scattered percentages of people who moved to the region for its rural character or because of “urban dread” or “rural dread” elsewhere. A few moved for environmental amenities.

So what do folks like about the Great Plains? Figure 5 shows their responses.

Thirty percent said it's a nice place to live. Others mentioned the rural character, social amenities, schools, and services. Ten percent liked being close to family. Just 5 percent said they like nothing about life on the Plains.

And why do those who stay say they do so?

Nearly 80 percent of those interviewed said they're staying because of a job, nearby family members or because it's such a nice place to live.

And why do others leave?

Twenty percent of the people interviewed by the BBER said they planned to move. More than 40 percent had considered moving someplace else—and more than 40 percent of those folks said they would do so in search of better economic opportunities.

Stay or Go?

Still, there seems to be a fairly strong resistance to moving. As shown in Figure 6, nearly 80 percent of those interviewed said they likely will be living on the northern Plains five years from now. More than 10 percent said they probably will move within five years, and nearly that many were fence-sitters. Maybe they'll stay. Maybe they'll leave.

So do people who are likely to leave their community see it in a different light than those who are likely to stay? The BBER revisited the pushes and pulls, and broke down the responses by a person's likelihood of staying or leaving.

Figure 7 shows the differences by age. About 30 percent of the respondents under age 30 said they were likely to leave. Those over age 30 showed little inclination to leave. Eighteen percent of younger people put their likelihood of leaving at 50-50, but that proportion dropped sharply with age. More than 80 percent of the people over age 30 said they were likely to stay put.

The action's in the younger folks.

Also significant is a person's attachment to place and family. The BBER looked at household type and the number of children in the household. Figure 8 shows the results: About 50 percent of the single-person households contacted said they would likely leave; another 10 percent were undecided and 40 percent said they'll likely stay. Other households without children were similar.

Table 1
Reasons for Moving and Staying

<u>Pull Reasons</u>		<u>Push Reasons</u>
Economic opportunities	Economic	Lack of economic opportunities
Be near family	Family	Get away from family
Rural character, nice place	Rural	Rural dread
Urban amenities (schools and services)	Urban	Urban dread
Natural amenities	Environmental	Harsh environment

Figure 5
What Do You Like Most About Your Community?

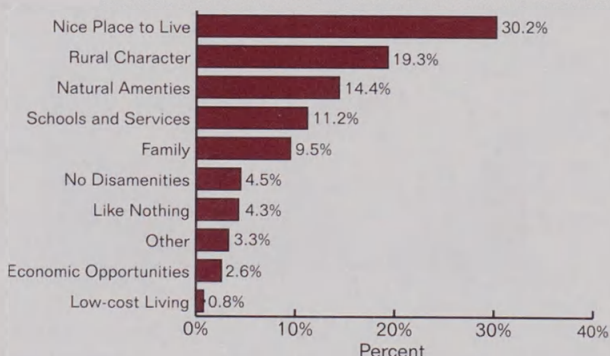


Figure 6
Will You Be Here in Five Years?

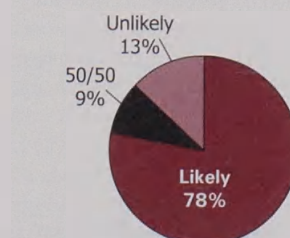


Figure 7
Likelihood of Leaving or Staying by Age

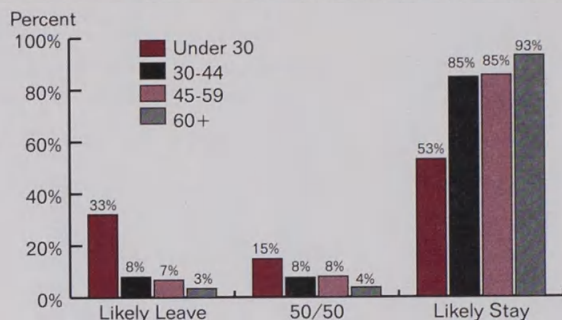
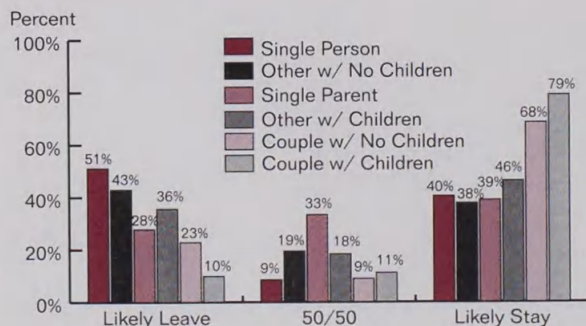


Figure 8
Likelihood of Leaving or Staying by Household Type



Single-parent households were somewhat more ambivalent, with nearly 40 percent undecided. Almost 40 percent of other households with children were likely to leave. Couples with or without children were much more likely to stay and not very likely to leave. All in all, having somebody around the house—children or a spouse—drastically decreased a person's propensity to pick up and leave.

Youngsters Are the Key

So what did we hear in our summertime conversations with folks on the Plains?

Family matters. Family is the most important reason why people stay in a community, or move to a community.

New jobs and services are needed, but not if they change the qualities that make a community a nice place to live.

Pay attention to young people. Small towns out on the plains are "social Siberia" to those under 30. There's not enough to do, they say. There's no one to socialize with. There's too much gossiping. And not enough diversity.

If you do keep a youngster in town until they're 30, you've got 'em. So hold on tight. Pssst. Pass it on. □

Jim Sylvester is director of survey operations at the Bureau of Business and Economic Research, The University of Montana-Missoula. Christiane von Reichert is an associate professor of geography at UM.

Looking Down from Bellyache Butte

by Laurie Page, Judith Gap High School, Garneill, Montana

Editor's note: Why do young people leave rural towns? The Symposium on National Policy for Addressing Population Loss in the Great Plains went straight to the source, asking high school students to write about "Staying on the Plains." Here is one of the winning essays.

Bellyache Butte is a fortress-like hunk of real estate. They say that it got its name from an old timer who once lived at the foot of the butte. His reputation as a grumbler traveled far and wide. And though that rancher is gone, his reputation as a grumbler or a "bellyacher" remains, as it has for many generations. From the vantage point of this geological

formation, I can look down on ranches and farms in the small rural community where I live.

When I look down from the flat top of Bellyache Butte, I try to visualize what this place looked like 100-200 years ago. It is not hard to imagine. Only a few physical features have changed: there are corrals scattered here and there, but mostly, it looks about the same. Next, I think about how it has changed in the last couple of generations. I mentally go up and down the road figuring out the average age of people who still live here. Almost everybody is in their late 40s and older. Most of the kids have left and found jobs elsewhere. Steven is working in the oil fields of Texas, Katie is attending college at Missoula, David is a carpenter in Helena. Only the older generation remains.

The exodus of youth is even more obvious in town. Judith

Gap, located in central Montana, got its start as a railroad town servicing the local area as homesteaders started pouring in. The boom did not last long, however, for lack of rain and depressed agricultural prices halted further expansion. The town has continued struggling along, experiencing mini-booms and busts. The most recent has been a sawmill that hired over 40 full-time employees. During the sawmill period, the school enrollment swelled to about 140 kindergarten to 12th grade students. After the sawmill burned and lumber prices plummeted, the mill permanently closed. Now the school has an enrollment in the 80s. Because education funding is based on enrollment, the declining numbers mean fewer teachers hired, fewer subjects taught, and therefore, less opportunities for entrepreneurship. Education provides the tools and skills needed to successfully compete in today's world. Consequently, many families are leaving for greener pastures (better paying jobs and education). The survival of this precious rural community is being threatened.

What can be done to keep this community from disappearing? First, education needs to be a major emphasis. Public education is one of the fundamental cornerstones of economic development in our country. Currently, the Montana education system is having trouble finding enough qualified teachers. Teachers, programs (such as art, music, family, consumer science, drama, and agricultural business), and other activities are being lost. Many proposed tax cuts will further injure employing skilled youth. When education becomes a top priority in our Montana Legislature, the homegrown, talented young people will not have to leave in search of higher education and better paying jobs. We will also attract skilled, qualified teachers and administrators.

Secondly, agriculture needs to be enhanced. Agriculture has been the number one industry of the Great Plains for over a century. Farming and ranching have played a key role in economy and culture. The promise of practicing agriculture has lured a great number of people to the Great Plains for years, especially during the homesteading boom.

To ensure that agriculture continues to prosper, there needs to be farm and ranch programs that promote environmentally sound practices. Many times farms and ranches receive "bad press" for poor treatment of animals, environmentally hazardous chemicals, poor farming and grazing methods, and unhealthy wildlife management practices. Some of these problems could be solved if the government would promote the efforts of being more environmentally sound. A better relationship with the public would increase the demand of farm and ranch products.

Even with these farm and ranch programs, agriculture is constantly changing as it has since the primitive farming methods of Native Americans of centuries ago. Now each farmer or rancher provides food for thousands of people. Advances in technology and agriculture education have brought about these changes. Better efficiency has been achieved through the use of safer pesticides, machinery advances, genetically engineered plants and animals, livestock implants, better knowledge of nutritional requirements, and others. But production changes have also made it so that

smaller family farms and ranches are no longer able to support themselves. Large corporate farms and ranches often take their places. Too often, these corporately-owned businesses are not locally owned and do not require as large a work force. These businesses that are owned outside of the community can be unhealthy. They are not giving back to the community through enrolling kids in the school systems, paying taxes, and supporting other locally-owned businesses.

Third, small businesses that tap into a dedicated work force should be promoted. These could include distributing, shipping, e-business, or home-centered computer companies. Companies and industries that rely on an educated work force are needed in the community.

Do we have alternatives to change the current direction we are headed? I think so, but it is important to focus on the positive attributes that make the Great Plains unique; for example, hard-working people, clean air and water, small, caring communities, and wide-open spaces.

As a community in transition, we must recognize that we are interdependent on our urban brothers and sisters. This is difficult for our western culture that glorifies individualism and materialism. We rural people provide open spaces, food for the table, and a rich tradition of working together to overcome obstacles. Urban people provide the markets we need, the subsidies that provide roads and other services, and more. We must also recognize that we live in a much larger global economy. We should try to help shape this economy even as it shapes us.

Today's youth can help bring about the needed changes to our communities. We can make the public knowledgeable about the crisis of exiting people and encourage healthy relationships in our community. The young people need to be the role models for the future and also the fabric that holds our small communities together. Community service projects would be a way that young people could give back to the community some of what it has given to us. These projects could include picking up trash, volunteering in nursing homes, joining committees, and baby-sitting for neighbors.

As the youth in rural communities graduate from high school, it is critical that they further their education in order to develop better marketing skills and to gain career choices. And when they come back, they will have knowledge and skills to lead and strengthen the community. Young people should search for new ideas that can be brought back.

Looking down the steep edges of Bellyache Butte, I see the ways that this rural community in central Montana needs improvement. But as I shift my gaze, I notice the beautiful orange and pink streaks of the sunset. A sunset not symbolizing the end of a community, but instead, an ongoing, dynamic mix of land and people who have risen to the demands of droughts, depressions, wars, and personal hardships. Bellyache Butte will remain for a long time, and I hope I will be here to see it from my window. I am confident in these small communities' ability to thrive and prosper. It is our collective strength, both young and old, men and women, that make our communities work. It is the people who make the Great Plains "great." □

Building a National Rural Policy

One Town at a Time

by Charles Fluharty



Those of us who love, care about, and appreciate the fabric that is rural America and what it means for this grand experiment in democracy have got to get our story straight. We need a new paradigm for rural policy in this nation and it needs to focus not only on people, but on place.

We are significantly late in this political culture of building an appreciation of place and regions. We are about the last political culture in the developed world to do so. So let's get started by answering two questions: Where is the constituency for action on a national rural policy? And how are we going to build a common vision given the fact that once you've seen one rural community, you've seen just one rural community? The challenge we have nationally is in dealing with our tremendous diversity of place and circumstance.

Increasingly, we live in a suburban political culture, not an urban political culture. In the 1992 election, the majority of votes cast for president were suburban votes. In 1995, we re-districted all of America, and that is going to have huge

implications for public policy in all of our states. Because whether crafted by a Republican or a Democratic leadership, the national political parties are going into the 'burbs for their power base, and it's going to significantly expand our challenge in creating a rural differential.

Now the congressional reality is so ugly, we don't need to go over it. Congressional Quarterly keeps track of what percentage of the U.S. Congress is rural. They're down to 13 percent right now and that's heading south even as we speak. So we have a huge challenge in thinking through the rural perspective in a decidedly suburban hegemony.

There are three basic reasons why we don't have a rural policy in this country. First, rural is synonymous with agriculture. Secondly, most importantly, there is no active constituency for rural America. There are a bunch of sector-level constituencies. What I tend to find on the national scale is that in every sector there's a wonderful group of rural constituents working very hard for an ever-declining pot and in the end eviscerating one another for their share. But we



If we care so much about rural America, why is she in such tough shape? It isn't complicated. What are we going to do with the space between the suburbs? And I'm not just talking about rural space, I'm also talking about the central city.

PHOTO BY KURT WILSON

not only need child-care, we need transportation and entrepreneurship and good welfare reform—and that connection never gets made. This is reflected in federal programs. We have about 900 programs in rural policy today, across multiple agencies. The average community is eligible for 30 or 40 programs.

But let me tell you the other reason why I don't think we have a rural policy. Those of us who are involved in public affairs know there are five things you have to do to change a national framework on policy. You need a believable problem articulation. And until a suburban soccer mom has a reason to care about us, we haven't crossed that link. Secondly, we do not have a national voice for rural America. We have multiple, splintered voices. So we never build coalitions, the third point. We never get the strategies, the fourth point. And the last point, rural America is in dire need of visible rural leadership. If the AARP was the American Association of Rural People, America would look differently today. If we had a national and mediated voice of rural communities,

America would look differently. But we don't.

So what are our options in crafting a rural policy? Where does my paradigm go? Well, we could have a national model, and there are a lot of ways that could go. We do have a lot of sectorial initiatives in different bureaucracies within the federal government. The best thing that I think is going on is we have a lot of states starting to create state foci. There are rural summits and rural caucuses in a lot of legislatures. There's a lot going on in public-private linkages. The Congress is making an effort. I think higher education institutions, the private sector, the philanthropic sector have all done a lot.

My concern is, when that is all done, where is our constituency? If we care so much about rural America, why is she in such tough shape? It isn't complicated. What are we going to do with the space between the suburbs? And I'm not just talking about rural space, I'm also talking about the central city.

So where are we going to turn to build a constituency for a

How do we get rural America to national priority status? I think we won't do that unless we build the vision of how we want rural America to be.

communities as vice versa. And is it not just possible that rural residents and central city residents have more that unites them than divides them? Every indicator of need from community to individual is fairly similar. The real question for rural areas, coming out of the Sept. 11 tragedy, is this: Is our nation beginning to think about whether the social cost of density is greater than the social cost of space? It's an intriguing question.

Reasons for Optimism

Let me mention five things that I think are wonderfully exciting and very hopeful. First, we have a congressional rural caucus 200 members strong and bipartisan. There is a wonderful new potential in the Congress for building a cross sector understanding of rural America. One of the first things that the Congressional Rural Caucus did was send a letter to both presidential candidates, to President Bush and to Al Gore. They asked for a special assistant in the West Wing for rural affairs in the White House, a senior level policy adviser in every department for rural policy, an interagency working group at the OMB level, chaired by that special assistant, and made up of senior policy folks, and a congressional-presidential commission on the future of rural America. I am pleased to report that it is our understanding that these requests are still very much under consideration in the Bush White House.

Second, we have something called the National Rural Network, an organization of over 100 non-governmental organizations from the Child Welfare League to the American Banker's Association. The idea of this constituency group is to bring all of the organizations that have a rural portfolio, but don't talk to one another, together in a room. That is a very exciting development. It is ongoing. They are working with the Congressional Rural Caucus very closely. In the last year or so, a number of decidedly urban advocacy groups have created rural mission areas, from the Child Welfare League to the Council of State Governments and the National Conference of State Legislatures. There is a growing

policy agenda? We have exactly 20 percent of the electorate. Is the historic fight between the agriculture community and the rural development community really healthy for either? Can't we finally get over that? There's a lot of work going on today in the commodity and general farm associations to forge a new understanding of our compact with one another. The reality is, farms are as dependent on

awareness of the rural agenda within that sector's portfolio of work.

There are also several major federal initiatives. The one I'm most excited about is Health and Human Services Secretary Tommy Thompson's initiative. He's in an active process right now of looking at the entire portfolio in HHS from social services to rural health in response to a Federal Register notice where over 200 constituencies suggested how HHS might move to build a more integrative community-based response for rural America.

There is an emerging rural leadership out there and what's most exciting to me is that many of our new leaders are women who have, for the first time, been empowered to step up. That's going to make a huge difference over the next 10 years. Lastly, the public, private, and philanthropic centers are coming together and building regional perspectives.

I really think it's time for rural pragmatism. The old paradigm doesn't work. It's a voice of the past. One component of that is an active dialogue with urban America—on everything from how we sell a new kind of soup to a city 100 miles away to how we build regionally appropriate infrastructure for telecommunications and IT. We have to build that dialogue. That needs to occur in state legislatures. We need a community-based approach for that public policy. I see that happening all over the public policy arena.

What's most gratifying for me is seeing that our urban brothers and sisters are getting it, and I will use as an example two really important papers over the last year. One was by Doug Neilsen, president of the Annie Casey Foundation. You probably remember Doug's essay, "Community Connections." Doug says that we are going to have to take on the 25-year belief that social welfare programs invested in places will institutionalize ghettos and should not be continued. Doug would say that was the voice of a prior time in America.

What we need to do today is rethink where community is in social welfare in linking the public, private, philanthropic centers in a community or place-based structure. The other is a report from the Brookings Institution called "Why Cities Matter for a Place-Based Policy." Bruce Cass at the Center for Metropolitan Policy makes the point that once we're done with the first wave, there are about 40 cities that are critical to the future of successful welfare reform. Why does that matter to us? Because those of you who are rural advocates have argued forever that place matters and the urban brotherhood and sisterhood have suggested the same.

We're changing the paradigm. We did a very interesting thing. We brought all the scholars who were doing urban-based welfare reform and all the scholars who were doing rural-based welfare reform together for a one-day symposium at Brookings. Every rural scholar or policy analyst knew every urban scholar or policy analyst; they were the gods in their universe. Not one of those rural folks was known by the urban folks, and at the end of that day, they had taught one another an awful lot. It was not a one-way dialogue.

What Next?

So what do we do to capture this moment? This is a story about a little girl and a cat. "Would you tell me please, which way I should go from here?" said Alice.

"That depends a good deal on where you want to get," said the cat.

"I don't much care where," said Alice.

"Then it doesn't matter much which way you go," said the cat.

Now that's not "Alice in Wonderland." That's where rural America is right now. In 1908, Teddy Roosevelt created a country commission with this concern: the social and economic institutions of the open country are not keeping pace with the development of the nation as a whole. Almost 100 years later, I think that probably still holds. How do we get rural America to national priority status? I think we won't do that unless we build the vision of how we want rural America to be. Thoreau once said, "The question is not what you look at, but what you see," and I think what we see is the potential for a dynamic rural America in the Great Plains. But we have to sell it.

I was a theologian in an earlier incarnation and one of my favorite sayings was from J. Paul Getty: "The meek shall inherit the earth, but not the mineral rights." This is about the mineral rights. Every year, the U.S. government invests \$5 billion to cities as a place entitlement. It is called the Community Development Block Grant. Small and rural communities have to compete against one another at the state level for a very small piece of that critical local democracy yeast. Federal spending last year was \$5,600 per person in metropolitan America and \$5,300 in

non-metropolitan. If you take out the agriculture and natural resource payments, it goes down to \$4,890—88 percent per capita of what the federal government spends in urban America.

I am not suggesting a rural-urban conundrum about budgets. I am suggesting that under those figures is the deeper challenge for those of us who care about community capacity and the nature of that funding. In rural America, two-thirds of that money goes as a transfer payment to individuals. In urban America, that is only 50 percent. What does the other 20 percent of that federal commitment go to? Well it goes to community and regional development, business assistance, housing, transportation, environmental protection, law enforcement, energy, higher education, and research. It builds the community capacity of cities. We need a Marshall Plan for Rural America.

One of the most memorable moments of my existence was meeting Mother Teresa. She was given an honorary degree the same day my father was, and it was so profound to see this very small woman who changed a continent. She has a quote that I'll leave you with: "Few of us can do great things, but all of us can do small things with great love."

I love rural America, and I know that all of you do, too. □

Charles Fluharty is director of the Rural Policy Research Institute, and interim director of the Missouri Institute of Public Policy. He has adjunct faculty appointments in the University of Missouri Graduate School of Public Affairs and the Department of Rural Sociology.



Four Funerals and a Wedding

by U.S. Sen. Byron Dorgan



My home county in Hedinger County, N.D., had 5,000 people when I left. Now it has 3,000. It is a plum to a prune, just shrinking and shrinking, as are other rural counties throughout the United States. If you take a map and color in red all of the counties that lost more than 10 percent of their population in the last 25 years, you have the shape of an egg between North Dakota and Texas. It is not just our problem in North Dakota. It's Montana's problem, Wyoming's problem, South Dakota's, Kansas's, Oklahoma's.

So my proposition: Don't we have to work on this together as a matter of national policy? The answer is yes. And that's why I included money in two separate appropriations bills over the past two years to provide funding for the Great Plains Population Symposium Project. Let's get some of the best thinkers in the country to focus on what kind of economy we want in rural America. What are the policy choices that get us there?

I happen to believe that you must have a decent farm bill. Forty percent of North Dakota's economy is agriculture. If you don't have a decent farm bill supporting family farms, it's very hard to build an economy that works well. And to those who say farmers must become more efficient, I say nonsense. Our farmers are the most efficient in the world; they're just getting sucked under by terrible trade bills and a collapsing grain market. Transportation, the grain trade, and chemical companies that are virtual or near monopolies have far more market power than do family farms. And we have to do something about that.

It's interesting to me that this country is not only dropping bombs in Afghanistan, we are dropping food. All of us understand that farm states produce something vital to our nation's security. The production of food is a national security issue in my judgment. Europe does it in a way that distributes production among family enterprises. Europeans know what's at stake; they have been hungry before and



PHOTO BY KURT WILSON

don't want to be again. Part of food security is maintaining a broad network of family producers.

So, too, should it be in this country. The easiest place to inject bioterrorism is into the large agro-factories where you have several hundred animals congregated in one place. So I think for a range of purposes, including national security, we ought to promote family farming.

Having said that, let me say it again: The reason I appropriated money and advocated a population symposium is because I believe the economy we have is the economy we decide to have. We can have a future in which there is opportunity in rural America if we decide that's what we want and implement policies that give us that opportunity. Or we can say, "This is inevitable"—which I don't happen to believe. I believe you can have the kind of economy you want. Europe does it and we can do it. On Saturday night in small-town Europe, there is life on Main Street. Why? Because they have a network of family farms.

Now let me just tell you about what is happening in this country. You're all familiar with the story. In New England, N.D., the Lutheran minister is a friend of mine—the Rev. Donna Dorman. She told me that in her church, there are four funerals for every wedding. Why? Because people are moving out of town, not into town. The people who stay are getting older—and are dying. Very few young people stay and get married and have babies. There is an inevitable structural decline in rural America.

What do we do about all that? Well, first we should decide that the rural lifestyle is worth keeping. What do we have and how do we keep it? Sentinel Butte, N.D., is a wonderful little town of about 80 people. There was a story in the newspaper about a guy at a gas station there. He doesn't want to work all day, so he closes at 1 p.m. and hangs a key on a nail and if someone wants gas after 1 p.m., they take the key, fill the car and make a note of it on a piece of paper that is hanging there as well.

That wouldn't last too long in D.C. or New York City, but it happens in North Dakota. That's part of the culture of Sentinel Butte or Marmoth. If you spend the night at the hotel in Marmoth, there's a cigar box tacked to the inside of the door. That's how you pay. In Havana, N.D., they keep the cafe open by posting a sign-up sheet and people volunteer to work two-hour shifts. I was in Tuttle, N.D., one day when they opened the new grocery store. The city decided to build its own grocery store, owned by the city.

The fact is, this is a wonderful culture. People in our hometowns all across the Midwest do wonderful things. It's a great place to raise a family. These are good communities and with modern technology, they are as close to Manhattan as is the Hudson River. So what do we do next? How do we tell the rest of the world that we have something special here? How do we tell the rest of the world that the middle part of America is a very important, productive part of our country that largely has been losing in the area of economic opportunity?

A century ago, we created something called the Homestead Act. The middle part of our country was populated with this act. We said to folks, "If you go there and you squat down on 160 acres of land and stay there for a certain length of time and improve it—it's yours." My great-grandmother did that. Her husband had died. She was an immigrant from Norway. Her name was Caroline. She and her six children got on a train and went to North Dakota, and she built a tent on the prairie in Hedinger County. And then she built a house, raised a family, and ran a family farm because of that Homestead Act. And she had a son who had a daughter who had me. We populated the middle of our country that way, and now it is being systematically depopulated and folks sit around with their thumbs in their suspenders and say, "Gosh, that's just the way it's supposed to be."

I suppose 150 years ago, those same folks would have said, "Let's not have a Homestead Act. It's not supposed to be populated out there."

I think it is time to understand that when this country had challenges in the cities, we put together a Model Cities Program. We put together an Urban Renewal Program. And now that we have troubles in rural America, especially in the middle part of our country, I think it's important that we put together a new kind of economic Homestead Act. We don't have land to give away. What I propose is a sort of Homesteading Act that does different things and provides different incentives to say: "If you'll stay in these areas, we'll forgive a significant part of your college loan. If you'll stay in these areas, we'll give you a significant tax credit to purchase a home." I propose a whole series of things both for individuals and businesses. To say to businesses: "If you are going to

How do we tell the rest of the world that the middle part of America is a very important, productive part of our country that largely has been losing in the area of economic opportunity?

grow in these areas, if you are going to stay in these areas, we'll give you targeted investment tax credits."

We can have whatever economic future we want in this country, if by policy choice we decide that's what's important.

Of course, some folks will say that you can't change the inevitable. I disagree with that completely. I studied economics and I also taught economics in college briefly. I was able to overcome that experience, however, and go on to lead a productive life. We have the most productive agriculture system in the world. Our economic opportunity starts with family farmers and then builds on top of it with technology opportunities because we've erased distance as a disadvantage. Distance is

dead. If we just listen to economists, nothing will change. But if we decide as policy makers that we have the opportunity to chart our own course, to create the kind of economy we want—to create hope and opportunity for Hedinger, N.D., and rural counties all across this country—then we can make a change.

When you talk about rural America, it's not about your side or my side. It's about our side. How do we decide that rural America matters? That rural counties matter? That we can distribute economic opportunity in a new way? Our country is changing in many ways, and it requires us to be thoughtful, innovative, and creative. □

U.S. Sen. Byron Dorgan of North Dakota secured congressional funding for the Great Plains Population Symposium Project. The effort continues in 2002 with a Symposium on Local and State Policy Addressing Rural Communities and Population Loss, scheduled for April 11-12 at Dickinson State University in Dickinson, N.D.

Montana Business Quarterly

INDEX, 1997-01

Vol. 35, No. 1, Spring 1997

The Morphing of Montana Paul E. Polzin
Health Care Markets Steve Seninger
Manufacturing in Montana Charles E. Keegan III,
Daniel P. Wichman and Robert Campbell
Montana's Forest Products Industry Charles E. Keegan III
and Daniel P. Wichman
Agricultural Forecast Alan E. Baquet
Montana's Oil and Gas Industry Steve Seninger
1997 Outlook and Trends for
Tourism and Recreation Norma Nickerson

Vol. 35, No. 2, Summer 1997

Montana's Huckleberry Industry Shannon H. Jahrig,
Daniel P. Wichman, Charles E. Keegan III,
and Rebecca Richards
Population Increases by County James T. Sylvester
Talking 'bout my Generation Cameron Lawrence
Siberia's "Treasure State:"
An Investor's Guide to Tyumen ... Liudmila M. Simonova
Surrendered Out-of-State/Country Licenses

Vol. 35, No. 3, Autumn 1997

Surgery or Not? It Depends on
Where You Live Stephen F. Johnson
and Stephen F. Seninger
Selected Stats: Heart Disease:
The Nation's Leading Cause of Death
From Ghost Town to Growing
Community: Browning Banker Brings
Business Back to the Reservation Susanna Sonnenberg
Fort Peck Reservation Emorie Davis-Bird
and Shannon H. Jahrig

Vol. 35, No. 4, Winter 1997

Housing a Growing Population
in the 21st Century: Where Will
the Raw Materials Come From? Jim L. Bowyer
Population Dynamics in Montana ... Christiane von Reichert
and James T. Sylvester
Town and Gown: The Economic
Partnership Between The University
of Montana and Missoula Stephen F. Seninger
Selected Stats—Surrendered Out-of-State/Country Licenses

Vol. 36, No. 1, Spring 1998

Global Strategies: What's Montana's Move? Paul Polzin
Agricultural Forecast Alan E. Baquet
1998 Outlook and Trends for
Travel and Recreation Norma Nickerson
Manufacturing in Montana Charles E. Keegan III,
Daniel P. Wichman, and Robert Campbell
Montana's Forest Products Industry Charles E. Keegan III,
and Daniel P. Wichman
How Healthy Are We? Health
Indicators for Montana Stephen Seninger

Vol. 36, No. 2, Summer 1998

Columbia Falls Aluminum Company:
A \$97 Million Payday: The Story, the
Battle, the Economic Impact Michael Jamison
Heritage Tourism: Montana's Hottest Travel
Trend Ginny Cass and Shannon Jahrig
On the Frontier of Global Marketing:
How to Succeed in Russia and
Other Untapped Markets Igor M. Paramonov
From Hamilton to Siberia:
Montana Log Home Business Forms
Russian Partnership Carolyn Schultz
Selected Stats: Surrendered Out-of-State/Country Licenses

Vol. 36, No. 3, Autumn 1998

Adding Value to Montana's
Agri-Food Industry Fraser McLeay and Ron Newbury
Natural Medicines: Will Federal
Regulations Help or Hinder the Natural
Products Industry? Marc S. Micozzi
California 1978—Montana 1998:
Is it Time for Proposition 13
in Big Sky Country? Douglas J. Young
Strategic Planning and the Mission Statement:
Long-term Planning Critical for Montana
Companies Paul Larson
BBER Celebrates 50 Years of Service Carolyn Schultz

Vol. 36, No. 3, Winter 1998

From Convenience Stores to Casinos:

Gambling—Montana Style.....

Paul E. Polzin, John Baldridge,

Daniel Doyle, James T. Sylvester,

Rachel A. Volberg and W. Lamar Moore

Motives For Migration: A Study of

Montana Newcomers Christiane von Reichert

and James T. Sylvester

Alternative Medicine: From New

Age to Mainstream Steve Seninger

Vol. 37, No. 1, Spring 1999

Going Back to the Future:

Economic Change in Montana Steve Seninger

Montana Economy Still Strong

Despite Asian Flu Crisis Paul Polzin

Montana's Travel and Recreation

Industry Continues Decade of

Growth Norma Polovitz Nickerson and Kim McMahon

Manufacturing in Montana:

Growth Slows as Decade Ends Charles Keegan III

and Robert Campbell

Montana's Forest Product Industry:

Production Declined in Late 1998 Charles Keegan III

Montana Agriculture: Volatile

Prices Draw Attention to the Industry Myles Watts

Jobs & Wages in Montana's Service

Industry Steve Seninger

Vol. 37, No. 2, 1999, Summer 1999

Montana's Nonprofit Arts Sector:

An Economic Seedbed Marlene R. Nesary

Hi-line Artist Reaches New Markets Charles Finch

Fishing or the Opera? Montanans

Talk About Quality of Life Choices Jim Sylvester

The Battle for Equity: Montana

Schools Since 1998 Ernest Jean

A Look at Leadership Paul Larson

Vol. 37, No. 3, Autumn 1999

The Information Superhighway:

Does Montana Have an Access Lane? Fraser McLeay

How to Create a Profit-Building Web Site Wally Bock

Y2K: Is Montana Ready Sherry Devlin

Preventing Y2K Downtime

Montana's High-Tech Firms:

Moving into the 21st Century Diane Cattrell

Letter to the Editor

New Data, New Trends Paul Polzin

Vol. 37, No.4, Winter 1999

Stakeholders and Water Rights in Montana:

An Introduction John Horwich

Water Law and the American West Raymond Cross

Industry and Hydroelectric Water Rights Holly Franz

Water Rights/Fights in the Agricultural

Communit Jim Moore

The River Next Door Bruce Farling

Privatization Popular Among Local

Governments. Jeffrey D. Greene

Vol. 38, No. 1, Spring 2000

Winnebagos, Funeral Homes, and

Cruise Ships: The Graying of Baby

Boomers in the New Millennium. Steve Seninger

Jobs or Nursing Homes? Different

Demographics Lead to

Different Discussions Paul E. Polzin

U.S. Economic Expansion Longest

on Record: Can the "New Economy"

Take the Credit? Paul E. Polzin

Travel and Recreation Outlook:

Focusing on Demographics Norma P. Nickerson

Health Care and Financial Services Steve Seninger

Agricultural Forecast Miles Watts

Manufacturing in Montana Charles E. Keegan III,

Robert Campbell, Michael J. Mortimer

and John Baldridge

Montana's Forest Products Industry Charles E. Keegan III,

Steven R. Shook, Francis G. Wagner,

and Keith A. Blatner

Vol. 38, No. 2, Summer 2000

Baseball Economics Sherry Devlin

Strike Up the Bandwidth Amy Joyner

Global Business and the Smaller

Company Nadar H. Shooshtari

and Jack Reece

Speed Limit Laws: Does Speed Influence

Accidents and Fatalities? Andrew Hanssen

E-Business Among Montana Manufacturers .. John Baldridge

Vol. 38, No. 3, Autumn 2000

Summer Fires: Businesses Still Struggling to

Recover Michael Jamison

Montana Micro-Businesses: New Data

Uncovered Paul E. Polzin, John Baldridge,

James T. Sylvester, Tara Crowley and Rebecca McGregor

Montana Agriculture and the Global

Economy Vincent H. Smith and James B. Johnson

Vol. 38, No. 4, Winter 2000

Montana's Log Home Industry:

Developments Over the Last Three

Decades Charles E. Keegan III, Al Chase,
Steve Shook and Dwane D. Van Hooser

More Mergers and Acquisitions

are Expected for 2001: You Can Bank on It Amy Joyner
Interview with Governor Judy Martz

Vol. 39, No. 1, Spring 2001

The Information Economy Stephen F. Seninger

Montana Internet and Web Methods Paul E. Polzin

A Snapshot of Internet Connectivity

in Montana Krista Gebert and Robert Campbell

The High-Flying U.S. Economy

Begins to Drop: Will the Landing Be

Hard or Soft? Paul E. Polzin

Montana's Economic Outlook Paul E. Polzin

Travel and Recreation Outlook 2001 Thale Dillon
and Kim McMahon

The IT Sweepstakes: Montana and

Other Western States Stephen F. Seninger

Agricultural Forecast Kevin McNew

Manufacturing in Montana Charles E. Keegan III,
Robert Campbell and Krista Gebert

Montana's Forest Products Industry Charles E. Keegan III,
Steven R. Shook, Krista Gebert
and Francis G. Wagner

Vol. 39, No. 2, Summer 2001

Keeping the Lights On: Montanans

Struggle with Electricity Costs Michael Jamison

Coal Bed Methane: Considerations

for Developing a Montana Resource Mary McNally
and Brian Gurney

A Primer on Montana's Taxes Douglas J. Young

Vol. 39, No. 3, Autumn 2001

KIDS COUNT in Montana: New Data

About Montana's Kids and Families Help

Measure State's Economic and Social

Performance. Stephen F. Seninger
and Barbara Wainwright

Managing the Forests in the Aftermath

of the Fires Sherry Devlin

The Global Food Fight: Genetically

Modified Foods at Home and Abroad Robert Paarlberg

September 11, 2001: What Happens Now? Paul E. Polzin

2002 Montana Economic Outlook Seminar: Registration Form

Vol. 39, No. 4, Winter 2001

Rural Rollercoaster: Economic Gains are

Uneven in Farm County Mark Drabenstott
How You Gonna Keep 'Em

Down on the Farm? Jim Sylvester
and Christiane von Reichert

Looking Down from Bellyache Butte Laurie Page
Building a National Rural Policy:

One Town at a Time. Charles Fluharty

Four Funerals and a Wedding U.S. Sen. Byron Dorgan



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